

**REMARKS**

Claims 1-21 are pending in the application. Claims 1-21 are rejected by the Examiner. The Examiner's rejections are addressed below in substantially the same order as in the office action. Claims 22-25 are new.

**REJECTIONS UNDER 35 USC § 102****1. U.S. 6,604,582**

The Examiner rejected claims 12 and 14-20 under 35 USC § 102(b) as being anticipated by (U.S. 6,604,582). The Examiner contends, in part, that items 20/40 is a first module, that items 60/70 is a second module, and that item 26 is a positioning device. For convenience, Figure 2 of the patent is reproduced on the following page. Item 26 is described as follows: *"In this embodiment, the signaler 20 includes a selectively operable flow diverter 26. The flow diverter 26 is hydraulically interposed within the segment of the fluid channel 16 that is formed within the signaler section 12A. In one embodiment, as will be explained in more detail, the flow diverter 26 comprises a piston coupled to an actuator (not shown in FIG. 1)."*

Contrary to the Examiner's contention, the flow diverter does not adjust the position of the first module (20/40) relative to the second module (60/70). Rather, the flow diverter merely switches the flow paths of fluid:

As will be further explained, when the piston of flow diverter 26 is in a retracted position, fluid entering the upper end 10A of the apparatus 10 is free to flow along a first flow path (not shown in FIG. 1) in the fluid channel 16 to the lower end 10B of the apparatus 10. Some of the fluid also flows along a second flow path (not shown in FIG. 1) in the fluid channel 16, as will be further explained. When the piston of flow diverter 26 is extended by the actuator (not shown in FIG. 1) at least some fluid flow is diverted to the second flow path (not shown in FIG. 1), out through the lower end 10B of the apparatus 10...

Thus, flow diverter 26 in no way changes or alters the position of modules 20/40 nor module 60/70. Moreover, as shown in Figure 2 below, neither module 20/40 nor module 60/70 are configured to move in any manner whatsoever. Items 20/40 are described as follows: *"In one embodiment, one of the modules in this embodiment includes a signaler 20 and a processor/controller 40."* Items 60/70 are described as follows: *"A second one of the modules can include an electric power source 60...A third module in this embodiment includes an initiator 70."* The patent explains that the apparatus "is disposed inside a substantially cylindrical housing adapted to be coupled to the end of a drill pipe, production tubing, coiled

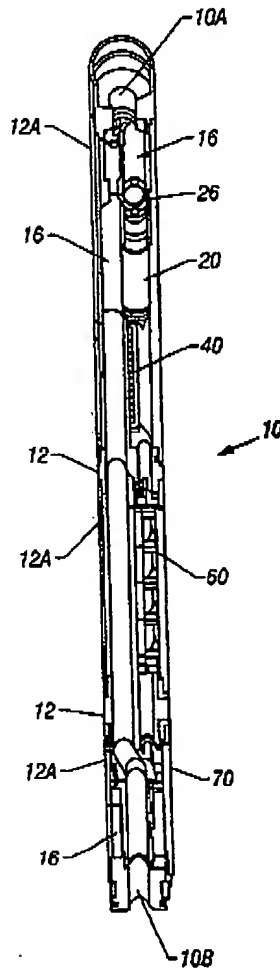
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tubing or the like." As evident below, items 20/40 and 60/70 are not designed to moved by the diverter 26. All these items have a fixed relation to one another.

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**US 6,604,582 B2****FIG. 1**

As discussed below, the apparatus shown in Patent No. 6,604,582 does not anticipate or obviate any of the pending claims.

Claims 12 and 14-20

With respect to independent claim 12, Applicant submits that US 6,604,582 does not teach or suggest a positioning device being adapted to selectively adjust a position of the first module relative to a position of the second module. As shown above, the flow diverter 26 of this patent does not have any affect on the position of the modules 20/40 and 60/70. Thus, claim 12 is not anticipated or obviated by US 6,604,582.

Claims 14-20 depend from claim 12, which is believed to be in condition for allowance. Thus, these dependent claims are allowable on at least such grounds.

**2. US PATENT 3,865,188**

The Examiner rejected Claims 1-3,5,11-13,15-17,19 and 20 as being anticipated by US 3,865,188.

**a. Claims 1-3, 5, and 11**

The Examiner indicated that dependent claim 6 would be allowable if rewritten in independent form. Applicant has revised claim 1 to include the recitation of claim 6. Thus, Applicant believes that independent claim 1 and all claims depending therefrom, namely claims 2-3, 5 and 11 are in condition for allowance.

Claim 6 has been cancelled.

**b. Claims 12-13, 15-17, 19 and 20**

With respect to independent claim 12, US Patent 3,865,188 does not teach or suggest a measurement tool in a first module. Applicant notes that original claim 14 recited a measurement tool and was not rejected by the Examiner as anticipated by 3,865,188. Independent claim 12 now recites a measurement tool. Thus, Applicant believes that independent claim 12 and all claims depending therefrom, namely claims 13, 15-17 19 and 20 are in condition for allowance.

**NEW CLAIMS**

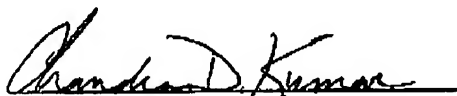
Applicant has added new dependent claims 22-25. These new claims depend from claim 21. The Examiner indicated that claim 21 would be allowable if re-written in independent form. Applicant has rewritten claim 21 using base claim 12. Applicant believes that claim 21 and the claims depending therefrom are in condition for allowance.

**CONCLUSION**

For all the foregoing reasons, Applicant submits that the application is in a condition for allowance. No fee is believed due for this paper. The Commissioner is hereby authorized to charge any additional fees or credit any overpayment to Deposit Account No. **02-0429 (584-30697-US)**.

Respectfully submitted,

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**CERTIFICATE OF FACSIMILE TRANSMISSION**

I do hereby certify that this correspondence is being transmitted via facsimile, to the Commissioner for Patents, Examiner, Zakiya Nicole Walker, facsimile no. (571) 273-8300, on this 7<sup>th</sup> day of March 2006.

  
Margaret A. Pruitt